



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

February 14, 2001

MEMORANDUM TO: Stephen D. Dingbaum
Assistant Inspector General for Audits

FROM: Jesse L. Funches *Jesse Funches*
Chief Financial Officer

William D. Travers *William Travers*
Executive Director for Operations

SUBJECT: RESPONSE TO DRAFT MEMORANDUM REPORT - THE FY 2000
FMFIA REPORT (OIG-01-A-07)

We have reviewed the subject report and disagree that the incomplete implementation of managerial cost accounting or deficiencies associated with the management controls over fee development should be considered material weaknesses under the Federal Manager's Financial Integrity Act (FMFIA). At their December 19, 2000, meeting, the extended EC endorsed the conclusion that no material weaknesses had been identified that met the FMFIA criteria. These conditions do not: (1) impair the fulfillment of the mission of the agency or an agency component; (2) deprive the public of needed services; (3) significantly weaken the agency safeguards against waste, loss, unauthorized use or misappropriation of funds, property, or other assets; or (4) result in a conflict of interest. As such, this condition does not rise to the level of severity that its relative risk warrants external reporting to the President and the Congress.

Thank you for the opportunity to comment on this report.

cc: J. Craig, OEDO

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